

This record is a partial extract of the original cable. The full text of the original cable is not available.

110404Z Jul 00

2000HOCHI01121 - UNCLASSIFIED

UNCLASSIFIED PTQ4953

PAGE 01 HO CHI 01121 01 OF 07 110409Z  
ACTION EAP-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CG-00	CIAE-00	CTME-00
	DINT-00	DOEE-00	SRPP-00	DS-00	EB-00	ED-01	EXME-00
	EUR-00	E-00	UTED-00	FMC-02	VC-00	FRB-00	HHS-01
	H-01	SSA-01	TEDE-00	INR-00	LOC-01	L-00	VCE-00
	AC-01	NSAE-00	OES-01	OMB-01	OPIC-01	PA-00	PM-00
	PRS-00	ACE-00	P-00	SP-00	SSO-00	STR-00	USIE-00
	EPAE-00	SNIS-00	NISC-00	PMB-00	DSCC-00	DRL-02	G-00
	NFAT-00	SAS-00	/014W				

-----6C740A 110410Z /38

FM AMCONSUL HO CHI MINH CITY  
TO SECSTATE WASHDC 3371  
INFO AMEMBASSY HANOI  
NSC WASHDC  
USDOC WASHDC  
DEPTTREAS WASHDC  
AMCONSUL HONG KONG  
AMEMBASSY BEIJING  
ASEAN COLLECTIVE  
USCINCPAC HONOLULU HI//FPA//  
SECDEF WASHDC  
DIA WASHDC  
USDA FAS WASHDC

UNCLAS SECTION 01 OF 07 HO CHI MINH CITY 001121

SIPDIS

STATE ALSO FOR EAP/BCLTV AND EAP/PD  
UNCLASSIFIED

PAGE 02 HO CHI 01121 01 OF 07 110409Z  
STATE ALSO FOR EB/IFD/ODF AND EB/TPP/BTA  
STATE ALSO PASS AID/ANE - SOULES, ANDERSON  
STATE ALSO PASS USTR/DAMOND/BALASSA/KLEIN  
STATE ALSO PASS OPIC, EXIM BANK AND TDA  
NSC ALSO FOR RAVIC HUSO  
SECDEF ALSO FOR ISA/EA/LSTERN  
DEPTTREAS ALSO FOR OASIA/AJEWELL  
USDOC ALSO FOR 4431/MAC/AP/OKSA/HPPHO  
USDA FAS FOR FAA/AO/SSAP/HUETE; ITP/ODA/SHEIKH;  
AS/ITP/AAD/DEATON/HUYNH

E.O. 12958: N/A

TAGS: [EAGR](#) [TBIO](#) [PGOV](#) [SOCI](#) [ENRG](#) [EWWT](#) [EAID](#) [KIPR](#) [ETRD](#) [VM](#) [KDTE](#)

SUBJECT: SCIENCE, DETERMINATION, AND CHARITY IMPROVE LIVES IN VIETNAM'S MEKONG DELTA IN BIG AND SMALL WAYS

REF: 98 HANOI 3498 (98 HCMC 242)

1. SUMMARY. IN POOR POCKETS OF THE MEKONG DELTA, AWAY FROM THE LIMELIGHT, THERE ARE PEOPLE AND ORGANIZATIONS, VIETNAMESE AND FOREIGN, WHO ARE DEDICATED TO IMPROVING THEIR OWN AND OTHER'S LIVES. CONGEN STAFF VISITED VIETNAM'S MAIN RICE RESEARCH INSTITUTE, PRIVATE ELECTRICITY AND WATER SUPPLIERS, A COCONUT CANDY MAKER WHO ENFORCED HER TRADEMARK IN CHINA, SUCCESSFUL COCONUT AND DURIAN GROWERS, AND A SPARKLING NEW HOME FOR ORPHANS, ABANDONED AND ABUSED CHILDREN IN CAN THO AND BEN TRE PROVINCES. POST OFFERS THE SMALL ECONOMIC AND HUMAN INTEREST STORIES IN THIS MESSAGE AS GLIMPSES OF THE SPIRIT OF THE VIETNAMESE PEOPLE, WHO WILL WORK WITH THEIR  
UNCLASSIFIED

PAGE 03 HO CHI 01121 01 OF 07 110409Z  
GOVERNMENT OR ANYONE ELSE WHO CAN HELP, AND GO AROUND, IGNORE, OR CRITICIZE ANYONE WHO CAN'T OR WON'T. END SUMMARY.

RICE RESEARCHERS HELP SKEPTICAL FARMERS, BENEFIT EXPORTERS

2. CONGEN STAFF MET WITH DR. BUI CHI BUU OF THE CUU LONG RICE RESEARCH INSTITUTE (CLRRI), STARTED IN 1977 WITH BILATERAL AID FROM INDIA. 37 OUT OF 110 STAFF SCIENTISTS HAVE ADVANCED DEGREES; CURRENTLY, THREE POSTDOCTORAL STUDENTS ARE AT PURDUE, TEXAS TECH, AND TEXAS A&M. CLRRI MISSION OBJECTIVES ARE: 1) TO STUDY RICE AND RICE-BASED AGRICULTURAL SYSTEMS IN THE DELTA, WHICH PRODUCES 60 PERCENT OF VIETNAM'S RICE AND 80 PERCENT OF ITS RICE EXPORTS; 2) TO TRAIN EXTENSION WORKERS AND OTHER SKILLED WORKERS FOR THE DELTA; AND 3) TO FOSTER INTERNATIONAL COLLABORATION. ADMINISTRATIVELY, CLRRI IS UNDER THE MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT (MARD). CLRRI'S ANNUAL BUDGET IS APPROXIMATELY USD 500,000,

SUPPLEMENTED BY CONTRACT RESEARCH. ACCORDING TO THE MEDIA, PROFITS MADE PRODUCING RICE SEEDLINGS ON CLRRI LAND ARE USED TO AUGMENT STAFF SALARIES.

13. IN 1999 THE MEKONG DELTA PRODUCED 16.5 MILLION METRIC TONS OF RICE AND HAD AN AVERAGE YIELD OF 4.8 TONS PER HECTARE. RICE IS GROWN ON 1.7 MILLION HECTARES OF DELTA LAND, SOMEWHAT LESS THAN 15 YEARS AGO. HOWEVER, PRODUCTION HAS MORE THAN DOUBLED SINCE THE LATE 1970'S DUE TO IMPROVED MULTIPLE CROPPING AND MORE SUITABLE RICE VARIETIES, WITH CLRRI PLAYING A KEY ROLE CREATING NEW  
UNCLASSIFIED

PAGE 04 HO CHI 01121 01 OF 07 110409Z  
VARIETIES AND TESTING OTHERS. MOST FARMERS IN THE DELTA GROW TWO RICE CROPS, THE MAIN SUMMER-AUTUMN CROP (JUNE TO SEPTEMBER) AND THE WINTER-SPRING CROP (NOVEMBER TO FEBRUARY). SOME GROW A THIRD, SPRING-SUMMER CROP (MARCH TO JUNE), IF THERE IS SUFFICIENT IRRIGATION. IN FACT, GROWING SEASONS ARE ACTUALLY MORE COMPLICATED, ACCORDING TO BUI, AND IT IS SOMETIMES POSSIBLE TO SEE PADDY IN ALL GROWTH STAGES AT THE SAME TIME IN THE SAME AREA. THE INPUT COST PER KILOGRAM OF PADDY FOR THE WINTER/SPRING AND SPRING/SUMMER CROPS IS VND 800-1,000 (USD 0.06-0.07). INPUT COSTS FOR THE SUMMER/AUTUMN CROP OF VND 1,600-1,700 (USD 0.11-0.12) ARE MUCH HIGHER, BUT SO ARE THE YIELDS. BUI SAID CLRRI IN FACT RECOMMENDS PLANTING SOYBEANS INSTEAD OF A THIRD RICE CROP TO MAINTAIN SOIL QUALITY, BUT FARMERS DON'T FOLLOW ITS ADVICE BECAUSE RICE PRICES ARE NORMALLY MUCH HIGHER.

14. CLRRI HAS SUCCESSFULLY PRODUCED HIGH-YIELD VARIETIES. HOWEVER, FARMERS TYPICALLY USE SEED FROM THE PREVIOUS CROP FOR THE NEXT ONE, AT NO COST, WHICH RESULTS IN SEED DEGENERATION. CLRRI HAS ALSO FOCUSED ON LOWERING INPUT COSTS, WHICH IN NOMINAL DONG TERMS HAVE DOUBLED OVER THE LAST TEN YEARS. IN 1999, IT ADAPTED LEAF CHARTS TO REDUCE THE USE OF NITROGENOUS FERTILIZERS AND DEVELOPED A RICE SEEDER TO CUT SEED COSTS IN HALF OVER THE TRADITIONAL BROADCASTING METHOD. DESPITE CLRRI'S SUCCESSES, BUI SAID DELTA RICE FARMERS TREAT ITS RECOMMENDATIONS SKEPTICALLY, AND IT WOULD TAKE TWO YEARS FOR THE LEAF CHARTS AND SEEDERS TO CATCH ON. BUI ALSO HOPED FOR THE SUCCESS OF A DANISH-FUNDED PROJECT WHICH HAS HELPED INSTALL OVER 5,000 SMALL RICE DRYERS IN CAN THO AND SOC TRANG PROVINCES. ONLY FIVE PERCENT OF DELTA RICE FARMERS USE RICE DRIERS, SINCE THE COSTS OF DRYERS ARE NOT SEEN TO BE WORTH THE REDUCTION IN SPOILAGE AND INCREASED PRICE FOR HIGHER QUALITY. DELTA RICE FARMERS ONLY EARNED AN AVERAGE OF USD 700 PER HOUSEHOLD IN 1999. THE REAL BENEFICIARIES OF CLRRI'S WORK, SAID BUI, HAVE BEEN RICE EXPORTERS, WHO "DO NOT INVEST IN ANYTHING."

UNCLASSIFIED

PAGE 03 HO CHI 01121 02 OF 07 110410Z  
ELECTRICITY RE-SELLERS CHARGE ABOVE THE LEGAL LIMIT  
-----

15. THE GVN HAS SET RURAL HOUSEHOLD ELECTRICITY PRICES CHARGED BY ELECTRICITY OF VIETNAM (EVN) AT VND 500 (3.6 CENTS) PER KILOWATT-HOUR (KWH) FOR THE FIRST 100 KWH PER MONTH, RISING TO VND 1,397 (10.0 CENTS) FOR CONSUMPTION OVER 300 KWH. IN SEPTEMBER 1999 ONLY 77 PERCENT OF VIETNAM'S RURAL DISTRICTS HAD ELECTRICITY. ALTHOUGH EACH OF CAN THO PROVINCE'S SIX DISTRICTS AND CAN THO CITY HAVE ELECTRICITY, AT THE END OF 1999 ONLY 68 PERCENT OF HOUSEHOLDS WERE HOOKED UP. CONGEN STAFF MET WITH DO HUU TRONG, DIRECTOR OF THE TAN PHU COMMUNE EVN STATION IN RURAL CHAU THANH DISTRICT. EVN'S GRID EXTENDS TO THE MAIN VILLAGE IN ALL CHAU THANH'S 13 COMMUNES, BUT NOT TO THE NUMEROUS HAMLETS. IN TAN PHU, CHAU THANH'S MOST WELL-OFF COMMUNE, THE PEOPLE'S COMMITTEE INVESTED IN TRANSFORMERS AND DISTRIBUTION LINES, AND RE-SELLS ELECTRICITY BOUGHT FROM EVN TO 3,000 HOUSEHOLDS AT AN AVERAGE OF VND 1,000 (7.1 CENTS) PER KWH. AN AUSTRALIAN INVESTOR HAS DONE A FEASIBILITY STUDY TO SUPPLY FIVE TO SEVEN THOUSAND HOUSEHOLDS IN ANOTHER COMMUNE IN CHAU THANH AT VND 1,100-1,400 (7.9 CENTS TO 10 CENTS) PER KWH.

16. RURAL EVN CUSTOMERS PAY A HOOK-UP CHARGE FROM VND 800,000 TO 1,200,000 (USD 57 TO USD 86) AND AN AVERAGE RATE OF VND 360 (2.6 CENTS) PER KWH. THE GVN HAS SET A CEILING PRICE OF VND 700 (5.0 CENTS) PER KWH FOR RE-SELLERS, WHOSE CUSTOMERS DO NOT PAY A HOOK-UP CHARGE. IN PRACTICE, HOWEVER, PRIVATE RE-SELLERS STRIKE AGREEMENTS WITH LOCAL GOVERNMENTS TO SELL AT HIGHER THAN THE LEGAL  
UNCLASSIFIED

PAGE 04 HO CHI 01121 02 OF 07 110410Z  
RATE, AND SOME LOCAL GOVERNMENTS THEMSELVES, SUCH AS IN TAN PHU, ALSO SELL AT A HIGHER RATE. A GVN SURVEY IN 1998 SHOWED 39 PERCENT OF RURAL HOUSEHOLDS PAID MORE THAN THE LEGAL RATE, WITH PRICES IN SOME LOCALITIES AS HIGH AS 15 CENTS PER KWH. TRONG ATTRIBUTED ALLOWING A HIGHER PRICE TO "BAD MANAGEMENT." IN FACT, EVN WAS TRYING TO GET TAN

PHU TO CUT ITS PRICE, HE SAID, BUT THE RISK WAS THAT THE CABLES WOULD BE CUT INSTEAD. TRONG ALSO SAID THE AUSTRALIAN INVESTOR HAD THE SUPPORT OF THE CAN THO PEOPLE'S COMMITTEE. AS ONE ARTICLE ON ELECTRICITY DISTRIBUTION IN VIETNAM HAS PUT IT, "THE GOVERNMENT IS CAUGHT IN THE USUAL SPOT BETWEEN THE ROCK OF NEEDING TO IMPROVE INFRASTRUCTURE AND THE HARD PLACE OF HAVING NO MONEY TO DO THE JOB."

17. CONGEN STAFF SPOKE TO A TAN PHU CUSTOMER, WHO SAID AFTER SHE STARTED RECEIVING ELECTRICITY IN 1990, BUSINESS GOT BETTER AND LIFE BECAME MORE COMFORTABLE. NOW, SHE CAN PRODUCE TWO SETS OF CLOTHES PER DAY IN HER TAILOR SHOP, OPENED A KARAOKE ROOM FOR CUSTOMERS, AND HAS ELECTRICAL APPLIANCES SUCH AS A WASHING MACHINE, TELEVISION, REFRIGERATOR, AND A RICE COOKER. SHE SAID IN FACT, SHE PAID THE RESELLER VND 800 (5.7 CENTS) PER KWH FOR ELECTRICITY AND ANOTHER VND 600 (4.3 CENTS) PER KWH FOR "MAINTENANCE." SHE SAID SHE CAREFULLY MONITORED HER ELECTRICITY CONSUMPTION; IF THE PRICE OF ELECTRICITY WENT UP, SHE'D USE LESS, AND IF IT WENT DOWN, SHE'D USE MORE.

18. IN ANOTHER MODEL FOR RURAL ELECTRIFICATION BEYOND EVN'S GRID, 135 HOUSEHOLDS IN TAN PHU ORGANIZED AN ELECTRICITY BUYING COOPERATIVE. THEY BOUGHT THEIR OWN TRANSFORMER AND EACH PAID VARYING AMOUNTS TO HOOK-UP DEPENDING ON THEIR LOCATION. INDIVIDUALS PAY AN AVERAGE OF VND 580 (4.1 CENTS) PER KILOWATT HOUR. THEIR ACTUAL BILL IS BASED ON DISTANCE FROM THE GRID, NOT CONSUMPTION, SINCE THE COOPERATIVE'S CONSUMPTION IS METERED AS A GROUP. IN A VARIATION ON THIS MODEL, THE GROUP LEADER INVESTS TO HOOK UP PRIVATE CUSTOMERS OUTSIDE THE COOPERATIVE. THE COOPERATIVE LEADER IN TAN PHU BELIEVED THAT PEOPLE IN CHAU UNCLASSIFIED

PAGE 03 HO CHI 01121 03 OF 07 110730Z  
THANH DISTRICT WHO DO NOT HAVE ELECTRICITY YET WOULD BE WILLING TO PAY EVEN TWICE WHAT HIS MEMBERS PAY FOR ELECTRICITY OR EVEN HIGHER, "UP TO A CERTAIN PRICE."

PRIVATE WATER SUPPLIER BUMPS UP AGAINST OWN SUCCESS  
-----

19. EVEN FEWER RURAL VIETNAMESE HOUSEHOLDS HAVE ACCESS TO "CLEAN" WATER -- JUST 32 PERCENT ACCORDING TO MARD -- THAN TO ELECTRICITY. AS WITH ELECTRICITY, A LACK OF CAPITAL HAS FORCED THE GVN TO ENCOURAGE COOPERATIVES AND PRIVATE INVESTMENT. PRIVATE COMPANIES SUPPLIED WATER TO 4,000 HOUSEHOLDS IN BEN TRE PROVINCE IN 1999 AND HAD INVESTED USD 1.4 MILLION, MORE THAN STATE INVESTMENT IN WATER SUPPLY. VO VAN THUY'S TAN AN PRIVATE COMPANY HAS FOUR WATER FILTERING PLANTS IN RURAL BEN TRE AND NEIGHBORING VINH LONG PROVINCE. THUY, WHO HAD MONEY TO INVEST EARNED FROM BUYING AND TRANSPORTING LOGS IN CENTRAL VIETNAM, FIRST SAW DEMAND FOR WATER AS A BUSINESS OPPORTUNITY IN HIS NATIVE VINH LONG IN 1996. FRIENDS FROM VINH LONG'S WATER SUPPLY COMPANY HELPED WITH THE DESIGN.

110. TAN AN'S CUSTOMERS IN TINH THANH COMMUNE OF CHO LACH DISTRICT PAY VND 2,500 (18 CENTS) PER CUBIC METER OF WATER IF THEY PAY FOR THE CONNECTING PIPELINES TO THEIR HOMES, OF VND 3,500 (25 CENTS) PER CUBIC METER IF TAN AN PAYS FOR HOOK-UP. THE BEN TRE WATER SUPPLY COMPANIES CHARGES INDIVIDUAL CUSTOMERS VND 2,200 (16 CENTS), BUT CHARGES OTHER CUSTOMERS TWO HIGHER PRICES. TAN AN'S PRICE AND ANY CHANGES ARE SUBJECT TO THE APPROVAL OF BEN TRE'S DEPARTMENT OF FINANCE. THE DEPARTMENT AGREED TO TAN AN'S UNCLASSIFIED

PAGE 04 HO CHI 01121 03 OF 07 110730Z  
HIGHER PRICE FOR INDIVIDUAL CUSTOMERS OVER THE PROTESTS OF THE TINH THANH PEOPLE'S COMMITTEE BECAUSE TAN AN HAS TO COVER A CORPORATE PROFIT TAX OF 32 PERCENT.

111. THUY SAID HE IS NOT WORRIED ABOUT THE BEN TRE GOVERNMENT TAKING OVER HIS CUSTOMERS AS PUBLIC WATER SUPPLY EVENTUALLY EXPANDS, BECAUSE IT IS INEFFICIENT. THE TWO 100 CUBIC METER-PER-DAY WATER PLANTS IN CHO LACH DISTRICT BUILT BY THE BEN TRE GOVERNMENT COST BETWEEN USD 14,300 AND USD 17,900 TO BUILD AND WOULD ONLY HAVE COST THUY USD 10,700. (IN FEBRUARY 2000 THE BEN TRE PEOPLE'S COMMITTEE SUSPENDED THE BEN TRE WATER SUPPLY COMPANY'S DIRECTOR AND CHIEF ACCOUNTANT FOR, AMONG OTHER THINGS, "ILLEGAL COLLECTION AND SPENDING OF USD 100,000.) THUY'S PLANTS, WHICH ONLY REQUIRE ONE WORKER FOUR HOURS PER DAY TO OPERATE, BREAK EVEN AFTER 4-5 YEARS AND WILL LAST 30 YEARS.

112. THUY WANTS TO (###)  
PLANTS. HE MADE PROPOSALS TO VINH LONG AND TRA VINH PROVINCES, BUT BOTH PREFERRED TO WAIT FOR FOREIGN DONORS TO FUND MORE EXPENSIVE WATER PLANTS. (COMMENT: FOR EXAMPLE, A DUTCH-FUNDED WATER SUPPLY AND DRAINAGE SYSTEM IN DONG THAP PROVINCE SUPPLYING 10,200 CUBIC METERS OF WATER PER DAY COST USD 5.5 MILLION. END COMMENT.) THUY DOES NOT WANT TO BUILD MORE COMMUNE-LEVEL WATER PLANTS IN

BEN TRE PROVINCE BECAUSE HE IS ALREADY SERVING THE THREE COMMUNES WITH THE STRONGEST DEMAND, AND HE IS CONCERNED THAT HIS KNOWN SUCCESS WOULD RESULT IN UNACCEPTABLY HIGH LAND LEASE COSTS.

NOTE: (##)OMISSION IN PARA 12. CORRECTION WILL FOLLOW.

#### COCONUT AND DURIAN DREAMS

113. RIVERINE BEN TRE PROVINCE IS VIETNAM'S COCONUT CAPITAL, WITH 30,000 HECTARES AND ANNUAL PRODUCTION OF 200-220 MILLION COCONUTS. TRADERS FROM HCMC AND HANOI CONVERGED ON BEN TRE IN 1995 TO BUY UP HAND-MADE COCONUT CANDY FOR EXPORT TO CHINA, STIMULATING THE CREATION OF

UNCLASSIFIED

PAGE 03 HO CHI 01121 04 OF 07 110410Z  
MORE THAN 100 SMALL COMPANIES. PRODUCTION ROSE TO 7 TONS PER DAY, THOUSANDS OF WORKERS WERE EMPLOYED, AND THE PROVINCE EARNED USD 10 MILLION. BY 1997, CHINESE BUSINESSES IN HAINAN HAD HIRED AWAY SKILLED WORKERS FROM BEN TRE AND STARTED MAKING THEIR OWN COCONUT CANDY. BEN TRE'S CANDY EXPORT REVENUES FELL TO USD 300,000. IN 1999, DEMAND FROM CHINA (MOSTLY FOR COCONUT JUICE BUT ALSO FOR CANDY) AND THAILAND RAISED THE PRICE OF COCONUTS IN BEN TRE TO VND 29,000 (USD 2.07) PER DOZEN. ALTHOUGH THIS WAS GOOD FOR EXPORTERS OF UNPROCESSED AND SEMI-PROCESSED COCONUT PRODUCTS -- COCONUT EXPORTS WERE OVER USD 10 MILLION IN 1999 -- IT FURTHER HARMED THE COCONUT CANDY AND OTHER COCONUT PROCESSING INDUSTRIES. THESE INCLUDE COCONUT OIL, CHARCOAL, JUICE, HANDICRAFTS, AND CONSTRUCTION MATERIALS. BY LATE 1999, ONLY 27 CANDY MAKERS, 6 OF 33 OIL PRODUCERS, AND 30 OF 55 CHARCOAL PRODUCERS WERE STILL OPERATING.

114. CONGEN STAFF CALLED ON MS. PHAM THI TO, WHOSE BESPECTACLED IMAGE ADORNS HER BRANDED "BEN TRE COCONUT CANDY," FOR WHICH SHE REGISTERED HER TRADEMARK IN 1988. ABANDONED BY HER HUSBAND AND LEFT WITH EIGHT YOUNG CHILDREN, MS. TO'S FORTUNES BEGAN TO CHANGE IN 1976 WHEN SHE LEARNED HOW TO MAKE COCONUT CANDY, IMPROVED THE RECIPE, AND MUCH LATER MECHANIZED PRODUCTION. SINCE THE GOVERNMENT STRICTLY CONTROLLED RICE, SUGAR, AND COCONUTS, HER MAIN INGREDIENTS, SHE CONDUCTED BUSINESS UNDERGROUND AND INTERMITTENTLY FOR 12 YEARS. BY 1988, WHEN THE GVN BEGAN TO IMPLEMENT THE DOI MOI POLICY, MS. TO RECEIVED A LOAN FROM THE LOCAL WOMEN'S UNION AND EXPANDED HER BUSINESS. (SHE HAS MOSTLY SELF-FINANCED AND HAS NEVER HAD

UNCLASSIFIED

PAGE 04 HO CHI 01121 04 OF 07 110410Z  
A BANK LOAN.) OTHER FACTORIES IN BEN TRE AND HAININ ARE HER IMITATORS.

115. IT WAS ONE OF MS. TO'S AGENTS WHO INTRODUCED HER CANDY TO THE CHINESE MARKET. WHEN HER SALES TO CHINA DROPPED OFF FROM A PEAK OF 400 TONS PER MONTH, MS. TO TRAVELLED TO CHINA IN 1998 AND A DISCOVERED ONE HAINAN COMPANY IMITATING HER TRADEMARK AND PACKAGING. (THE CHINESE COMPANY DIRECTOR WAS MARRIED TO A VIETNAMESE WOMAN FROM BEN TRE, AND THEY HAD HIRED AWAY A TECHNICIAN FROM MS. TO.) TRAVELLING TO CHINA AGAIN, SHE FILED PETITIONS TO REGISTER HER TRADEMARK THERE AND TO PROHIBIT ITS MISUSE BY HER CHINESE COMPETITOR, CULMINATING IN A SUCCESSFUL ENFORCEMENT ACTION AGAINST THE INFRINGER IN 1999. ALTHOUGH HER SALES WERE STILL DOWN 80 TONS PER MONTH AND HER WORKFORCE DOWN TO 400 FROM A HIGH OF 1,000 WORKERS, MS. TO WAS OPTIMISTIC SHE THEY WOULD SOON BE BACK AT THEIR 1995-1997 LEVELS.

116. MOST COCONUT FARMERS PRODUCE A LOW-YIELD VARIETY DESPITE THE AVAILABILITY OF HIGH-YIELD HYBRIDS. MOST SURVIVE ON INCOMES OF LITTLE MORE THAN VND 1.0 MILLION (USD 71) PER YEAR, EXTREME POVERTY EVEN BY VIETNAMESE STANDARDS. CONGEN STAFF VISITED MR. DO THANH THUONG, DUBBED VIETNAM'S COCONUT KING AFTER WINNING A PRIZE FROM THE ASIA PACIFIC COCONUT COUNCIL (APCC) FOR HIS TECHNIQUES FOR TRANSPLANTING HYBRID COCONUT TREES DEVELOPED BY THE GVN'S VEGETABLE OIL RESEARCH INSTITUTE. THE PB-121 HYBRID HAS HIGHER YIELDS, GREATER FAT CONTENT, AND BEARS FRUIT EARLIER. THUONG DARED TO REPLACE HIS TREES WITH THE HYBRID IN 1995 ON HIS 2.5 HECTARES OF LAND AT A TIME WHEN HIS NEIGHBORS WERE CUTTING DOWN THEIR TREES BECAUSE OF LOW PROFITS. A 63-YEAR-OLD GRADUATE IN PHYSICS, THUONG COMPLAINED THAT ALTHOUGH HE WAS INVITED TO TRAVEL ABROAD TO ACCEPT APCC PRIZE, A STATE COMPANY OFFICIAL WAS SENT TO COLLECT IT FOR HIM. COCONUT PRICES HAD DROPPED WAY DOWN AGAIN IN 2000 FROM THEIR 1999 PEAK AND WERE NOW VND 13,000 (93 CENTS) PER DOZEN.

UNCLASSIFIED

PAGE 03 HO CHI 01121 05 OF 07 110411Z  
117. EVEN AT THE PEAK, THUONG SAID, COCONUT FARMERS COULD NOT EARN AS MUCH AS FROM PLANTING FRUIT TREES, ALTHOUGH

THE LATTER REQUIRED MORE INVESTMENT AND WAS HARDER WORK. COCONUT FARMERS WERE AT THE MERCY OF TRADERS, WHO DIVIDED UP THE MARKET AND COLLUDED WITH EACH OTHER, AND WOULD BE BETTER OFF IF THEY COULD MARKET THEIR OWN OUTPUT OR SELL DIRECTLY TO PROCESSING FACTORIES, HE THOUGHT. THEIR BIGGEST PROBLEM WAS NEVER KNOWING THE CURRENT MARKET PRICE. THE GOVERNMENT HAD NOT BEEN OF ANY USE IN PROVIDING PRICE INFORMATION, AND EVEN ITS AGRICULTURAL EXTENSION WORKERS LEARNED MORE FROM THE FARMERS THAN HELPED THE FARMERS. THE DONG GO COCONUT RESEARCH CENTER IN BEN TRE DID NOT SEEM TO BE DOING MUCH, AND THUONG AND HIS NEIGHBORS CONDUCTED THEIR OWN SOIL ANALYSIS FOR DIVERSIFICATION INTO OTHER FRUIT CROPS. (COMMENT: THE DONG GO CENTER IS GROWING 47 STRAINS OF COCONUT WITH FUNDING FROM FAO AND UNDP. END COMMENT.)

18. IN ADDITION TO THE COCONUT KING, BEN TRE IS ALSO HOME TO VIETNAM'S DURIAN KING, NGUYEN KHOA CHIEN (NICKNAMED CHIN HOA, BEING THE NINTH SON OF HIS PARENTS). IN 1978, A SINGLE DURIAN TREE OF A NEARLY EXTINCT VARIETY REMAINED AMONG THE OTHER DURIAN TREES ON THE FAMILY PROPERTY. CHIEN SUCCEEDED IN GRAFTING SPRIGS FROM THIS RARE STRAIN ONTO OTHER TREES, CREATING THE LOCALLY CHERISHED "FLAT SEED DURIAN" OR "CHIN HOA DURIAN," WHICH IS SWEET SMELLING, HAS THICK PULP, AND VERY SMALL SEEDS. HE THEN WENT TO WORK ON PLANTING TREES GROWN FROM THIS HYBRID AND SELLING SEEDLINGS PRODUCED FROM THE TREES, KEEPING UP TO DATE ON CULTIVATION TECHNOLOGY, PROVIDING AFTER-SALES TECHNICAL ADVICE, AND OBTAINING GOVERNMENT RECOGNITION OF

UNCLASSIFIED

PAGE 04 HO CHI 01121 05 OF 07 110411Z  
HIS VARIETY. HIS DURIANS ARE SO POPULAR THAT HE RATIONS SALES OF HIS OUTPUT TO FAVORED CUSTOMERS AND COULD GET AWAY WITH CHARGING MUCH MORE IF CHOSE.

19. CHIEN'S AFTER-TAX ANNUAL INCOME FROM THE SALES OF 57 TONS OF DURIAN AND THOUSANDS OF SEEDLINGS IS OVER VND 1.0 BILLION (USD 714,000), MAKING HIM ONE OF THE RICHEST MEN IN THE MEKONG DELTA (CERTAINLY AMONG THOSE WHO HAVE NEVER WORKED FOR THE GOVERNMENT). HIS HOUSE IN CHO LACH DISTRICT, HOWEVER, IS ON A NARROW, MUD TRAIL A KILOMETER OFF THE MAIN ROAD AND STILL HAS A THATCHED ROOF AND HARD MUD FLOOR. ACCORDING TO CHIEN, VIETNAM'S DURIANS, LIKE THAILAND'S, CAN BE EXPORTED, SINCE THEY RIPEN FOR FOUR DAYS AFTER HARVESTING AND REMAIN EDIBLE FOR A WEEK AFTER, LONGER IF REFRIGERATED AND LONGER STILL IF FROZEN. ALTHOUGH MORE FARMERS ARE PLANTING DURIAN CURRENTLY, VOLUMES ARE NOT HIGH ENOUGH TO PRODUCE A STEADY SUPPLY FOR EXPORT. DURIAN PRODUCTION IS EXPANDING IN BINH DUONG AND BINH PHUOC PROVINCES, WHERE THE LAND IS BETTER AND THE SOIL MORE SUITABLE FOR DURIANS. A COMPANY IN BUON ME THUOT IN DAK LAK PROVINCE HAS PLANTED 4,000 TREES USING CHIEN'S SEEDS AND PLANS TO EXPORT.

NICEST PLACE IN BEN TRE TOWN IS THE ORPHANAGE

20. BEN TRE TOWN, THE CENTER OF BEN TRE PROVINCE, HAS NO HOTELS OR RESTAURANTS AT A STANDARD WHICH WOULD APPEAL TO FOREIGN VISITORS. THE PROVINCE, TRULY ONE OF VIETNAM'S BACKWATERS, HAS RECEIVED SPECIAL ATTENTION FROM UNDP FOR POVERTY ALLEVIATION (REF A). SO IT SEEMS A BIT ODD THAT THE EEM GROUP OF FRANCE, OWNER OF THE SUCCESSFUL VICTORIA CHAIN OF HOTELS IN SAPA, CAN THO, CHAU DOC, AND PHAN THIET AND UNDER CONSTRUCTION IN HOI AN, HAS BEGUN CONSTRUCTION OF A HOTEL IN TOWN. (THIS IS ONE OF ONLY TWO FOREIGN INVESTMENTS IN ALL OF BEN TRE, AND THE OTHER ONE IS NOT OPERATING YET, EITHER. EEM HAS WITHDRAWN FROM PLANS TO ALSO BUILD AN ECO-TOURISM ISLAND RESORT IN A MEKONG RIVER ESTUARY IN CHAU THANH DISTRICT IN BEN TRE.) VO VINH BINH,

UNCLASSIFIED

PAGE 03 HO CHI 01121 06 OF 07 110733Z  
DEPUTY DIRECTOR OF EEM'S JOINT VENTURE, EXPLAINED THAT A PORTION OF THE HUNDREDS OF FOREIGN TOURISTS WHO TAKE DAY TRIPS FROM HCMC TO MY THO IN TIEN GIANG PROVINCE AND CROSS INTO BEN TRE PROVINCE WOULD WANT TO STAY OVERNIGHT, SINCE THIS IS A TIRING ONE-DAY TRIP. AS WITH OTHER VICTORIA HOTELS, THE LOCAL JOINT VENTURE PARTNER WILL HAVE ITS OWN BLOC OF ROOMS IT WILL SELL AT A DISCOUNTED PRICE.

21. IN 10 DIFFERENT CITIES IN VIETNAM, ONE NOTICES GATED SPACIOUS COMPOUNDS WITH MODERN BUILDINGS AND SPACIOUS, GREEN GROUNDS THAT LOOK DISTINCTLY UN-VIETNAMESE. THESE ARE SOS VILLAGES FOR ABANDONED, ORPHANED AND DESTITUTE CHILDREN, FUNDED BY THE AUSTRIAN-BASED, INTERNATIONAL NGO SOS-KINDERDORF INTERNATIONAL (S-K). IN BEN TRE, THE SOS VILLAGE, JUST OPENED IN 1999, STANDS OUT EVEN MORE THAN USUAL. ACCORDING TO ITS DIRECTOR, HUYNH CONG BINH, BEN TRE WAS IDENTIFIED IN 1995 AS A LOCATION FOR AN SOS VILLAGE BY THE S-K REPRESENTATIVE OFFICE IN HANOI AND THE GVN BECAUSE OF THE LARGE NUMBER OF ORPHANED, DISABLED, OR ABANDONED CHILDREN IN THE PROVINCE, PUT AT 7-8 PERCENT. THE VILLAGE CAN ACCOMMODATE 12 "FAMILIES" OF 9-10 CHILDREN EACH OF DIFFERENT AGES AND GENDER LIVING IN IMMACULATE



HOUSES NAMED AFTER FLOWERS. AFTER THEY ARE FOURTEEN, CHILDREN ARE HOUSED SEPARATELY BY GENDER BUT ARE STILL PART OF THEIR INDIVIDUAL FAMILIES. EACH FAMILY IS HEADED BY A SINGLE WOMAN WHO MAKES A LONG-TERM COMMITMENT. AT THE BEGINNING OF THE YEAR 2000, THE BEN TRE SOS VILLAGE HAD SET UP 9 FAMILIES AND HAD A TOTAL OF 70 CHILDREN.

122. BEN TRE PROVINCE PROVIDED THE LARGE, WELL-LOCATED 45 HECTARE PLOT OF LAND FOR THE VILLAGE AND FREE MEDICAL CARE  
UNCLASSIFIED

PAGE 04 HO CHI 01121 06 OF 07 110733Z  
AND ELEMENTARY SCHOOL EDUCATION FOR THE VILLAGE'S CHILDREN. S-K PROVIDED THE DESIGN FOR THE VILLAGE, FUNDED ITS CONSTRUCTION, AND WILL PAY FOR HIGH SCHOOL AND UNIVERSITY FEES AND BOOKS, AND FOR JOB SEARCHES UPON GRADUATION. IT WILL ALSO FUND CONSTRUCTION OF A NEW ELEMENTARY SCHOOL FOR VILLAGE AND LOCAL CHILDREN. TOTAL CONSTRUCTION COSTS ARE NEARLY USD 1.5 MILLION. OPERATING COSTS COME OUT TO JUST OVER USD 20 PER CHILD PER MONTH, INCLUDING ADMINISTRATIVE COSTS, AND ARE FUNDED BY INTERNATIONAL DONORS. TYPICALLY, HOUSE MOTHERS HAVE TO SCRIMP TO MAKE THEIR FOOD BUDGETS STRETCH AND GROW THEIR OWN FRUITS AND VEGETABLES. AT FIRST, LOCAL RESIDENTS BELIEVED THE VILLAGE'S CHILDREN WERE BEING GIVEN MORE ADVANTAGES THAN THEIR OWN, BUT THE VILLAGE CONDUCTED PUBLIC RELATIONS AND RESIDENTS SAW THAT THE LIVING STANDARD INSIDE THE VILLAGE WAS NOT HIGHER THAN (####) CHILDREN'S BACKGROUNDS.

123. THE MOST VULNERABLE CHILDREN IN THE PROVINCE UNDER NINE-YEARS-OLD WHO WERE NOT DISABLED OR SICK, WHO WERE EITHER ORPHANS, HAD ONE PARENT BUT WERE ABANDONED, OR WHO WERE ABUSED, WERE CONSIDERED FOR PLACEMENT IN THE VILLAGE. A SURVEY SHOWED 190 CHILDREN MET THESE CONDITIONS, AND THOSE WITH THE LEAST ALTERNATIVE SUPPORT WERE SELECTED. THE PLACEMENT PROCESS IS ACCORDING TO VIETNAMESE LAW AND

NOTE: (##)OMISSION IN PARA 22. CORRECTION WILL FOLLOW.

REGULATION AND IS SUBJECT TO JUDICIAL REVIEW IF BLOOD RELATIONS DISPUTE THE DECISION. BINH SAID THE SOS VILLAGE WELCOMES VISITS AND DONATIONS, WHICH GO TO THE OPERATING BUDGET, FROM ALL GROUPS, AS THE CHILDREN NEED ATTENTION SO THEY DO NOT FEEL ABANDONED BY SOCIETY. CONGEN STAFF FOUND THE CHILDREN EXTREMELY POLITE, LOQUACIOUS, AND EAGER TO SHOW OFF THEIR NEATLY PUT AWAY TOYS AND ARTWORK AFTER BEING INVITED TO DO SO.

JOHN

UNCLASSIFIED